
INTRODUCTION

Child Development and Care (CDC) payments are made when all of the following are true:

- All eligibility requirements are met.
- A CDC case is open in Bridges.
- An eligible provider is assigned to the child and provides care.
- The provider successfully bills for child care.
- Payment limits have not been reached.

FACTORS THAT IMPACT PROVIDER PAYMENT

Child care providers are paid for costs associated with child care by submitting billing through the internet billing (I-Billing) system. Providers must bill the department every two weeks for allowable child care reimbursement. Each bill covers a two-week pay period.

The amount of payment generated is based on the child, the provider and the provider's billing.

Child factors that impact payment:

- Child's age.
- Child's authorization:
 - Number of approved hours.
 - Family Contribution amount and Family Contribution Limit.

Provider and billing factors that impact payment:

- Child care provider type.
- The provider's Star Rating or Training Level.
- Number of hours billed.
 - Child Care.
 - Allowable Absences.
- Child Care Fees billed.
- Payment Limits/Caps.
- Multiple billing submissions.
- Multiple providers billing.
- Previous billing for the same pay period.

CHILD FACTORS

Child's Age

Most provider service types receive a department hourly payment rate that is differentiated for infants/toddlers (age birth to 2 ½ years), preschool (over 2 ½ to age 5) and school age children (over age 5). For details of how a child's age effects department hourly payment rates by provider type and star rating or training level; see RFT 270.

Approved Hours

Approved hours (sometimes referred to as authorized hours) are established in the child's eligibility determination, based on the Parent/Substitute Parent's (P/SP) valid need reason. A child may be authorized for any of the following increments:

- 20 hours.
- 40 hours.
- 60 hours.
- 80 hours.
- 90 hours.

Approved hours constitute the hours available for payment that all assigned providers share for the child in a two week pay period.

For more information about how approved hours are determined; see BEM 710.

Family Contribution

The Family Contribution (FC) is based on family income when the child is determined income eligible. A family may have one or more children that are income eligible and one or more children that are income waived on the same case.

Each family is responsible to pay the child care provider out of pocket for the FC amount associated with the child's most recent income eligibility determination. This FC amount is subtracted from the provider payment issued by the Department.

FC amounts are per child, per every two-week pay period, not to exceed the Family Contribution Limit per family, per every two-

week pay period. For FC amounts and limits based on income eligibility, review the Family Contribution Based on Income Eligibility chart in RFT 270.

The FC amount is waived for a child in the CDC Protective Services (income waived) eligibility category and for income eligible children assigned to a 3, 4 or 5 Star rated Child Care Center or a Family Child Care (FCC) provider, including Group Homes and Family Homes. The FC is not waived for children assigned to a 2 Star or lower rated child care program.

An income eligible child who is reassigned from a 3 Star or higher rated child care program to a 2 Star or lower rated child care program will no longer have the FC amount waived. This is a negative action that is allowed during the 12-month continuous eligibility period.

Note: For the dates of November 7, 2021, through September 23, 2023, the FC amount will be waived for all children approved for the CDC subsidy. This temporary change is possible due to additional federal funding. When this temporary change ends, standard policy will be applied, and each child's FC will be based on the most recent CDC eligibility determination and current provider assignment. If an FC amount is assigned this will not be considered a negative action.

CHILD CARE PROVIDER FACTORS

Provider Type

Child care provider service types are a determining factor in the department hourly payment rate. Child care provider service types include the following:

- Child Care Center.
 - Licensed.
 - License Exempt-Tribal.
 - License Exempt-Military.
- Family Child Care (FCC).
 - Group Home.
 - Licensed.
 - License Exempt-Tribal.

- License Exempt-Military.
- Family Home.
 - Licensed.
 - License Exempt-Tribal.
 - License Exempt-Military.
- License Exempt-Related.
- License Exempt-Unrelated.

For detailed information about the different child care provider service types; see BEM 704.

For department hourly payment rates by provider type; see RFT 270.

Provider Star Rating

A C/FCC provider with a 2-Star Rating or higher in Great Start to Quality shall receive a department hourly payment rate higher than that of the base rate (Blank/1-Star).

For department hourly payment rates by provider star rating; see RFT 270.

Provider Training Level

The department shall issue a higher hourly payment rate for a license exempt-related or license exempt-unrelated provider who completes 10 hours of approved training per year beyond the required Great Start to Quality Orientation training, achieving a training Level 2. Failure to complete 10 hours each year shall result in a return to Level 1 status and the corresponding department hourly payment rate.

For department hourly payment rates by provider training level; see RFT 270.

BILLING AND PAYMENT

A provider must bill the department every two weeks for allowable child care reimbursement. Each bill covers a two-week pay period.

A provider must bill the department within 90 days after the end of the pay period being billed or 90 days after the authorization was entered by the local office in order to receive payment. If the

provider bills and the payment is rejected as a result of late billing, the provider must contact the Child Development and Care (CDC) office at 866-990-3227 to request that the payment be released. For late billing to be approved, providers shall be required to demonstrate good cause for not billing within the 90-day period. The CDC office shall determine if good cause has been demonstrated and if the payment is to be released.

Providers cannot charge the department for care when they have already received or expect to receive reimbursement from another funding source, a non-custodial parent, employer, etc. Examples of other funding sources include, but are not limited to:

- Head Start (HS).
- Early Head Start (EHS).
- Migrant HS/EHS.
- Great Start Readiness Program (GSRP).
- AmeriCorps.
- Department of Education.

Exception: When there is an agreement between the CDC program office and a partner organization that allows for layered funding, or another special funding agreement, multiple funding sources may be utilized.

Child care payments are issued weekly. This accommodates those billings or authorizations that miss the first billing deadline for the pay period but meet the second deadline for the pay period.

Payments may be delayed for many reasons such as:

- Holidays.
- Postal service delays.
- Problems with billing/payment systems.
- The CDC office deems it necessary to delay issuance of a payment.

Payments are issued in the name of the provider and mailed or electronic fund transferred (EFT) to the provider, except payments for license exempt-related and license exempt-unrelated providers, which are issued to the client.

Record-Keeping

Providers must maintain time and attendance records for all care provided. Attendance records must be retained by the provider for

four years. License exempt-related and license exempt-unrelated providers are required to use the Child Care Time and Attendance Record for their record-keeping. For information about provider record reviews; see BEM 707.

Child Care Hours

Child care hours may be billed for time that a child is actually in the care of the provider, as recorded on the time and attendance records and certified daily by the P/SP or their representative.

Note: Regardless of the method of payment issuance, all child care providers must bill CDC for the appropriate times based on actual care, allowable absences or allowable fees.

Child Absences

Child absence hours may be billed for any periods in which the child is not in care when he/she would have normally been in attendance. Normally in care means based on a historical trend or routine of when the child has been in care. This includes periods when the child care provider is open for business, as well as when the facility is closed.

Child absence hours may not be billed after the child's last day in the provider's care.

CDC subsidy payment for child absence hours is limited to 360 hours annually per child. Additionally, payment for absences is limited to 10 days when no care hours have been billed. The annual limit is based on a fiscal year (10/1-9/30).

Licensed providers must have a written policy to charge all families for child absences, in order to bill the CDC program for such absences.

CDC payment cannot be made for any hours that exceed any of the aforementioned limits.

Note: In the event that these limits cause unusual hardship; see BEM 100, Exception Requests, steps to request a policy exception.

Hourly Payment

Hourly payment is the reimbursement amount for time billed (rounded to the nearest hour) that has been multiplied by the

applicable hourly rate, limited to no more than the child's authorized hours. See RFT 270 for hourly rates.

Note: All payments are potentially limited by the child and provider factors listed in this policy item.

Bi-Weekly Block Reimbursement Payment

Block reimbursement rate is the reimbursement amount for child care hours billed that has been rounded up and multiplied by the applicable hourly rate. Block reimbursement allows eligible providers to be paid by the CDC program in a manner more consistent with how the general public pays for child care, by reimbursing for part-time or full-time care, rather than hourly care. See RFT 270 for hourly rates.

Note: All payments are potentially limited by the child and provider factors listed in this policy item.

Child Care Centers, Group and Family Homes (C/FCC)

Beginning October 9, 2022, the following bi-weekly block reimbursement schedule is in effect:

Part-time: Billing 1 to 30 hours, payment is the hourly rate multiplied by 30 hours.

Part-time: Billing 31 to 60 hours, payment is the hourly rate multiplied by 60 hours.

Full-time plus: Billing 61 or more hours, payment is the hourly rate multiplied by 90 hours.

Example: When a child is authorized for **60 hours** per pay period and a C/FCC provider bills 61 hours, payment is limited to 60 hours based on the child's authorization limit.

| Provider | Hours Billed | Hours Paid | Reason for Payment Amount | Hours Remaining |
|--------------|--------------|------------|--|---------------------|
| Group Home A | 61 | 60 | Hours billed (61) are between 61 and 90. Payment is limited by the child's authorization and results in a 60-hour block payment. | No hours remaining. |

Example: When a child is authorized for **40 hours** per pay period and a C/FCC provider bills 31 hours, a 60-hour block payment will issue. Nine hours remain available for billing by another provider. If the same C/FCC provider submits billing for any additional hours, no payment will be issued, but the increased hours billed will reduce the remaining available hours by the additional billing amount.

| Provider | Hours Billed | Hours Paid | Reason for Payment Amount | Hours Remaining |
|---------------|--------------|------------|---|----------------------|
| Family Home B | 31 | 60 | Hours billed (31) are between 31 and 60, and result in a 60-hour block payment. Note: A 40-hour authorization will allow a C/FCC provider to be paid up to the 60-hour block payment amount. | $40 - 31 = 9$ hours. |

License Exempt-Related and License Exempt-Unrelated

A license exempt-related or unrelated provider is not eligible to receive block payment rates; see *hourly payment* in this policy item.

Billing Submission by Multiple Providers

When two providers submit billing for care of the same child, the first provider's billing will deduct from the total authorized hours for which the child is approved. The second provider's billing will be limited to the remaining available hours. This allows for block payment under the guidelines described in this policy item.

Example: When a child is authorized for **90 hours** per two-week pay period and a C/FCC provider bills 33 hours, a 60-hour block payment will issue. The remaining hours available for billing are 57.

If a second C/FCC provider bills 62 hours, based on the 57 remaining available hours, a 60-hour block payment will issue.

| Provider | Hours Billed | Hours Paid | Reason for Payment Amount | Hours Remaining |
|----------|--------------|------------|---|---------------------|
| Center A | 33 | 60 | Hours billed (33) are between 31 and 60, resulting in a 60-hour block payment. | 90 – 33 = 57 hours. |
| Center B | 62 | 60 | Hours billed (62) limited by remaining hours, resulting in a 60-hour block payment. | No hours remaining. |

Multiple Submissions by One Provider

When a child care provider submits billing for a child and later amends the billing to increase the reported amount of child care that was provided, payment will not issue when the total number of hours billed were previously paid under the block payment guidelines described in this policy item.

Example: When a child is authorized for **80 hours** per two-week pay period, and a C/FCC provider bills 33 hours, a 60-hour block payment will issue. The remaining available hours for billing are 47.

If the C/FCC provider corrects the billing by adding 12 hours, for a billed total of 45, no payment will be issued, because 60 hours were previously paid. The increased hours billed will reduce the remaining available hours to 35.

| Provider | Hours Billed | Hours Paid | Reason for Payment Amount | Hours Remaining |
|----------|--------------|------------|--|-----------------------|
| Center C | 33 | 60 | Hours billed (33) are between 31 and 60 resulting in a 60-hour block payment. | $80 - 33 = 47$ hours. |
| Center C | 12 | 0 | Total hours billed (45) by same provider are less than 60 hours, and the 60-hour block payment has already issued to this provider, so no payment is issued. | $47 - 12 = 35$ hours. |

**Payment
Limits/Caps**

The maximum number of hours that can be authorized per child is 90 hours in a two-week pay period.

The total number of hours a provider will be paid in a two-week pay period is limited to:

- License exempt-related or license exempt-unrelated – 2,016 hours.
- Family homes – 2,016 hours.
- Group homes – 4,032 hours.
- Child care centers – No limit.

**Child Care Fee
Payments**

The payment of child care fees (such as registration fees, annual fees or field trip fees) supports parents by paying reasonable and mandatory fees that align with Michigan's market rate.

A payment is issued when all of the following are true:

- The CDC Eligibility Determination Benefit Calculation (EDBC) is approved and certified.
- The child care provider has been assigned to the child in Bridges.
- The child care provider has submitted billing for a child care fee after EDBC approval/certification and provider assignment.
- The annual child care fee limit has not been reached.

The per child, per fiscal year payment issuance limit is based on provider type and can be found in RFT 270.

The fees charged to CDC clients and/or the CDC program must not exceed what is charged to the general public (including a provider's own employees).

Child care fees may **not** be billed to cover late payment fees, bounced check fees, late pick-up fees, or other fees levied due to a family's action.

Note: License exempt-related and license exempt-unrelated providers are not eligible for payment of child care fees.

Internet Billing

Providers must use the internet (I-Billing) to bill for hours of child care, allowable absences or child care fees. I-Billing can be accessed at www.michigan.gov/childcare.

PIN Resets

PINs are mailed to the provider when authorizations are initially certified in Bridges. Providers who have misplaced or forgotten their PIN have three options to request a PIN reset:

- Select the Forgot PIN link on the I-Billing system to reset a PIN, if security questions have previously been completed.
- Call the CDC office at 866-990-3227.
- Fax a request to 517-284-7529. Faxed requests must include the provider's name, address, telephone number, provider ID number, and signature.

Note: The provider's mailing address must be correct prior to requesting a PIN reset.

Correspondence

The DHS-4481, Provider Confirmation, shall be mailed to each provider upon initial approval, which shall include the provider's Bridges ID number.

The DHS-1381, Child Development and Care (CDC) Statement of Payments, shall be mailed to all providers who have billed. This statement shows the amount paid in the previous payroll.

The DHS-198, Child Development and Care (CDC) Provider Notice, shall be mailed upon assignment in Bridges of a child care provider to a child, indicating the ability of the provider to bill for the child. A DHS-198-C, Child Development and Care (CDC) Client Notice, provides this same information to the client.

Every January providers are mailed income information for tax reporting purposes. License exempt-related and license exempt-unrelated providers are mailed an annual statement of payments, and licensed providers are mailed Form 1099-MISC.

**PAYMENT
ISSUANCE
REQUIREMENTS****Licensed C/FCC**

Providers must be registered in the State of Michigan's SIGMA Vendor Self Service (VSS) system in order to receive CDC payments.

License Exempt-Tribal and Military

Providers must be registered in the SIGMA VSS system in order to receive CDC payments. Providers must be enrolled by the Michigan Department of Education (MDE) CDC office.

License Exempt-Related and License Exempt-Unrelated

License exempt-related and license exempt-unrelated providers are **not** required to register in the SIGMA VSS system. Providers must be enrolled by the MDE CDC office and complete the Great Start to Quality Orientation training (Level 1) prior to being able to bill for care provided. There is a \$10 fee for this one-time GSQO training.

Providers are eligible to receive department payment when all of the following are true:

- The enrollment and training process is complete.
- The provider has billed for care that was provided both:
 - After enrollment.
 - Up to 30 calendar days prior to training completion.

Providers may still be assigned to a CDC case without the GSQO training being completed. Once the training is completed, if appropriate, the provider shall receive a DHS-198, Child Development and Care (CDC) Provider Notice, indicating his/her ability to bill.

All Providers

Providers have an ongoing health and safety training requirement. Failure to comply with this requirement may result in the provider being ineligible to receive CDC payments. For information about ongoing training requirements by provider type, see BEM 704.

**Closure for
Inactivity****License Exempt-Related and License Exempt-Unrelated**

A provider who has not submitted billing in the past 5 months may be closed for inactivity. To begin caring for children after this closure, the provider must submit a new provider application to the CDC office.

**Health and Safety
Coaching Visits****License Exempt-Unrelated**

A license exempt-unrelated provider must provide care where the child(ren) lives. An annual health and safety coaching visit at this location is required. Additional visits may be required for corrective actions plans or other concerns arising out of an annual visit. The provider assignment to the child(ren) shall end if the annual visit is not completed. See BEM 704 for details.

**INDIVIDUALS NOT
PERMITTED TO
RECEIVE PAYMENT**

The following persons are not permitted to be assigned to or paid for the care of a CDC eligible child:

- A member of the CDC program group.
- The applicant/client.
- The applicant/client's spouse who lives in the home.
- The parent of the children in care or a legal guardian who is not a member of the CDC program group.
- A sibling of the child(ren) in care who lives at the same residence as the child(ren).
- A home help provider who is also providing adult home help at the same time as child care is being provided.
- A CDC program group member, applicant or applicant's spouse who owns in whole or part the child care center, group or family home where the child care is provided.

Note: If a parent/substitute parent (P/SP) is employed at the child care facility that the child attends there must be documentation that the child is not in care of the P/SP while the P/SP is working.

Additionally, an individual may not be eligible to receive CDC subsidy payment as a child care provider if one of the following actions has been taken against a license or registration by Licensing and Regulatory Affairs (LARA), Child Care Licensing Bureau (CCLB) or the Michigan Department of Health and Human Services (MDHHS), and the license or registration has not been restored.

- Revoked.
- Suspended.
- Renewal refused.
- Denied issuance.
- Closed under disciplinary action.

Note: A provisional license does not constitute disciplinary action for these purposes.

PROVIDER RESOURCES

Various resources for providers are available in the Providers section at www.michigan.gov/childcare, including:

- Child Development and Care Handbook.
- Provider Instructional Videos.
- Child Care Time and Attendance Record.
- CDC Payment Schedule.

PROVIDER/PARENT QUESTIONS

Providers or parents with questions regarding CDC billing or payments should be directed to call the CDC office at 866-990-3227.

LEGAL BASE

CDC

The Child Care and Development Block Grant (CCDBG) Act (42 USC § 9858 et seq.), as amended by the CCDBG Act of 2014 (Pub. L. 113-186).

45 CFR Parts 98 and 99.

Social Security Act, as amended 2016.